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THE GENERAL INTRODUCTION AND SUPPLEMENT TO

The Two Tracts on Civil Liberty, the War with America, and the Finances of the Kingdom.

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GENERAL INTRODUCTION.

THE firſt of the following tracts was publiſhed in the beginning of the year 1776; and the ſecond in the beginning of laſt year. They are now offered to the public in one volume, with corrections and additions. All the calculations, in the *Appendix* to the firſt tract, have been transferred to the *ſecond* and *fourth* ſections, in the third part of the ſecond tract.

The ſection on PUBLIC LOANS, in the ſecond tract, has been reviſed with care; and a *ſupplement* to it, containing additional propoſals and ſome neceſſary explanations, has been given at the end of the whole.——This is a ſubject to which I have applied (perhaps too unprofitably) much of my attention. I have now done with it; and the whole is referred to the candid examination of thoſe who may be better informed, hoping for their indulgence ſhould they find that, in any inſtance, I have been miſtaken. I have not meant, in any thing I have ſaid on this ſubject, to cenſure any perſons. That accumulation of artificial debt which I have pointed out, and by which the danger of the kingdom from its growing burdens

has been ſo needleſsly increaſed, has, I doubt not, been the effect of inattention in our miniſters; and the ſcheme, by which the loan of laſt year has been procured, gives reaſon to hope that better plans of borrowing will be adopted for the future.

The principal deſign of the firſt part of the ſecond tract was (as I have obſerved in the introduction to it) to remove the miſapprehenſions of my ſentiments on CIVIL LIBERTY AND GOVERNMENT into which ſome had fallen. It gives me concern to find that it has not anſwered that end in the degree I wiſhed. I am ſtill charged with maintaining opinions which tend to ſubvert all civil authority. I paid little regard to this charge, while it was confined to the advocates for the principles which have produced the preſent war; but as it ſeems lately to have been given the public from the authority of a writer of the firſt character, (*a*) it is impoſſible I ſhould not be impreſſed by it; and I find myſelf under a neceſſity of taking farther notice of it.

There are two accounts, directly oppoſite to one another, which have been given of the origin of civil government. One of them is, that "civil government is an expedient contrived by

(*a*) See Mr. *Burke's* Letter to the Sheriffs of *Briſtol*, page 53, 54.

"human prudence for gaining ſecurity againſt "oppreſſion; and that, conſequently, the power "of civil governors is a delegation or truſt from "the people for accompliſhing this end."

The other account is, that "civil government "is an ordinance of the Deity, by which the "body of mankind are given up to the will of a "few; and, conſequently, that it is a truſt from "the Deity, in the exerciſe of which civil go-"vernors are accountable only to him."

The queſtion "which of theſe accounts we ought "to receive," is important in the higheſt degree. There is no queſtion which more deeply affects the happineſs and dignity of man as a citizen of this world.——If the former account is right, the people (that is, the body of independent agents) in every community are their own legiſlators. All civil authority is properly *their* authority. Civil governors are only public *ſervants*; and their power, being *delegated*, is by its nature *limited*.——On the contrary. If the latter account is right, the people have nothing to do with their own government. They are placed by their maker in the ſituation of cattle on an eſtate, which the owner has a right to diſpoſe of as he pleaſes. Civil Governors are a body of *maſters*; and their power is a commiſſion from Heaven held by divine right, and unbounded in its extent.

I have eſpouſed, with ſome zeal, the firſt of theſe accounts; and in the following tracts, endeavoured to explain and defend it. And this is *all* I have done to give countenance to the charge I have mentioned.——Even the maſterly writer who, after a croud of writers infinitely his inferiors, ſeems to have taken up this accuſation againſt me, often expreſſes himſelf as if he had adopted the ſame idea of government (*a*). Such indeed is my opinion of his good ſenſe, and ſuch has been the zeal which he has diſcovered for the rights of mankind, that I think it ſcarcely poſſible his ideas and mine on this ſubject ſhould be very different. His language, however, ſometimes puzzles me; and, particularly, when he intimates that government is an inſtitution of divine authority; (*b*) when he ſcouts all diſcuſſions of the nature of civil liberty, the foundation of civil rights, and the principles of free government; and when he aſſerts the *competence* of our legiſlature to revive the *High-Commiſſion Court* and *Star-Chamber*, and its BOUNDLESS AUTHO-

(*a*) "To follow, not to force the public inclination; to "give a direction, a form, a technical dreſs and a ſpecific "ſanction to the general ſenſe of the community, is the "true end of legiſlature. When it goes beyond this, its "authority will be precarious, let its rights be what they "will." Letter to the Sheriffs of Briſtol, p. 49.

(*b*) Ibid. p. 55. Thoughts on the cauſes of the preſent diſcontents, p. 67. "Government certainly, is an inſtitution of

AUTHORITY not only over the people of *Britain*, but over diſtant communities who have no voice in it.

But

"of divine authority; though its *forms* and the *perſons* who "adminiſter it, all originate from the people." It is probable that Mr. *Burke* means only that government is a divine inſtitution, in the ſame ſenſe in which any other expedient of human prudence for gaining protection againſt injury, may be called a Divine inſtitution. All that we owe *immediately* to our own foreſight and induſtry, muſt *ultimately* be aſcribed to God the giver of all our powers, and the cauſe of all cauſes. It is in this ſenſe that St. Paul in Rom. xiii. 1, 2, calls civil magiſtracy the *ordinance of God*, and ſays that *there is no power but of God*. If any one wants to be convinced of this, he ſhould read the excellent biſhop HOADLY's Sermon entitled *The Meaſures of Submiſſion to the civil Magiſtrate*, and the defences of it.

It is further probable, that when Mr. *Burke* aſſerts the *omnipotence* of Parliaments, or their *competence* to eſtabliſh any oppreſſions (Letter, p. 46, 49) he means mere *power* abſtracted from *right*, or the ſame ſort of *power* and *competence* that truſtees have to betray their truſt, or that armed ruffians have to rob and murder. Nor ſhould I doubt whether this is his meaning, were it not for the paſſage I have quoted from him in the laſt page, the latter part of which ſeems to imply, that a legiſlature may contradict its *end*, and yet retain its *rights*.——Some of the juſteſt remarks on this ſubject may be found in the Earl of ABINGDON's thoughts on Mr. *Burke*'s letter, a pamphlet which (on account of the excellent public principles it maintains, and the ſpirit of liberty it breathes, as well as the rank of the writer) muſt give to every friend to the true intereſts of this country particular pleaſure.

But whatever may be Mr. BURKE's ſentiments on this ſubject, he cannot poſſibly think of the

In p. 46, Mr. *Burke* ſays, that "if there is one man in "the world more zealous than another for the ſupremacy of "parliament and the rights of this imperial crown, it is "himſelf; though many may be more knowing in the ex- "tent and the foundation of theſe rights." He adds, that "he has conſtantly declined ſuch diſquiſitions, not "being qualified for the chair of a profeſſor in metaphyſics, "and not chuſing to put the ſolid intereſts of the kingdom "on ſpeculative grounds."——*The leſs knowledge, the more zeal*, is a maxim which experience has dreadfully verified in *religion*. But he that, in the preſent caſe, ſhould apply this maxim to Mr. *Burke*, would, whatever he may ſay of himſelf, greatly injure him. Though he chuſes to decry enquiries into the nature of liberty, there are, I am perſuaded, few in the world whoſe zeal for it is more united to extenſive knowledge and an exalted underſtanding.——He calls it, p. 55. "the vital ſpring and energy of a ſtate, and a bleſſing "of the firſt order." He cannot, therefore, think that too much pains may be taken to UNDERSTAND it. He muſt know, that nothing but uſurpation and error can ſuffer by enquiry and diſcuſſion.

Mr. WILKES, in an excellent ſpeech which he lately made in moving for the repeal of the declaratory law, obſerved, that this law was a *compromiſe* to which the great men, under whoſe adminiſtration it was paſſed, were forced in order to obtain the repeal of the *Stamp-act*. I think ſo highly of that adminiſtration and of the ſervice it did the public, that I have little doubt of the truth of this obſervation. But, at the ſame time, I cannot help wiſhing Mr. *Burke* had given no reaſon for doubt by defending the *principle* of that act; a *principle* which, unqueſtionably, he and his friends would never have acted upon; but which others have ſince acted upon, with a violence which has brought us to the brink of ruin.

former

former account of government that " it is a " ſpeculation which deſtroys all authority."—Both accounts eſtabliſh an authority. The difference is, that one derives it from the *people*, and makes it a *limited* authority; and the other derives it from *Heaven*; and makes it *unlimited*.——I have repeatedly declared my admiration of ſuch a conſtitution of government as our own would be, were the Houſe of Commons a fair repreſentation of the kingdom, and under no undue influence.——The ſum of all I have meant to maintain is, " that LEGITIMATE GOVERNMENT, as " oppoſed to OPPRESSION and TYRANNY, con- " ſiſts in the dominion of equal laws made with " common conſent, or of men over *themſelves*; " and not in the dominion of communities over " communities, or of any men over other men." Introduction to the ſecond Tract, p. 9.——How then can it be pretended, that I have aimed at deſtroying all authority? Does our own conſtitution deſtroy all authority? Is the authority of equal laws made with common conſent no authority? Muſt there be no government in a ſtate that governs itſelf? Or, muſt an inſtitution, contrived by the united counſels of the members of a community, for reſtraining licentiouſneſs and gaining ſecurity againſt injury and violence, *encourage* licentiouſneſs, and give to every one a power to commit what outrages he pleaſes?

The Archbiſhop of York, (in a ſermon preached before the ſociety for propagating the goſpel in foreign parts, Feb. 21, 1777,) has taken notice of ſome looſe opinions, as he calls them, which have been lately current on civil liberty; ſome who mean delinquency having given accounts of it "by "which every man's humour is made to be the "rule of his obedience, all the bad paſſions are "let looſe, and thoſe dear intereſts abandoned "to outrage for the protection of which we truſt "in law," 4to edit. p. 15 and 16. It is not difficult to gueſs at one of the delinquents intended in theſe words. In oppoſition to the horrid ſentiments of liberty which they deſcribe, but which in reality no man in his ſenſes ever entertained, the Archbiſhop defines it to be ſimply, the ſupremacy of law, or GOVERNMENT by LAW, without adding to *law*, as I had done, the words *equal* and *made with common conſent*; (*a*) and without oppoſing a GOVERNMENT by LAW to a GOVERNMENT BY MEN, as others had done.——Ac-

(*a*) In p. 19. he calls liberty "a freedom from all re-"ſtraints except ſuch as eſtabliſhed law impoſes for THE "GOOD OF THE COMMUNITY." But this addition can make no difference of any conſequence, as long as it is not ſpecified *where* the power is lodged of judging what laws are for the good of the community. In countries where the *laws* are the *edicts* of abſolute princes, the end profeſſed is always the good of the Community

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cording to him, therefore, the ſupremacy of law muſt be liberty, whatever the law is, or whoever makes it.——In deſpotic countries government by law is the ſame with government by the will of one man, which HOOKER has called *the miſery of all men*; but, according to this definition, it is liberty.——In ENGLAND *formerly*, the law conſigned to the flames all who denyed certain eſtabliſhed points of faith. Even *now*, it ſubjects to fines, impriſonment and baniſhment all teachers of religion who have not ſubſcribed the doctrinal articles of the church of England; and the good Archbiſhop, not thinking the law in this caſe ſufficiently rigorous, has propoſed putting Proteſtant Diſſenters under the ſame reſtraints with the Papiſts. (*a*) And ſhould this be done,

(*a*) "The laws againſt Papiſts have been extremely ſevere. "New dangers may ariſe; and if at any time ANOTHER "DENOMINATION of men ſhould be equally dangerous to "our civil intereſts, it would be juſtifiable to lay them "under ſimilar reſtraints." Page 17.——In another part of this ſermon the great men in oppoſition (ſome of the firſt in the kingdom in reſpect of rank, ability, and virtue) are deſcribed as a body of men void of principle, who, without regarding the relation in which they ſtand to the community, have entered into a league for advancing their private intereſt, and "who "are held together by the ſame bond that keeps together "the loweſt and wickedeſt combinations."——Was there ever ſuch a cenſure delivered from a pulpit? What wonder

done, if done by *law*, it will be the eſtabliſhment of *liberty*.

The truth is, that a government by law is or is not liberty, juſt as the laws are juſt or unjuſt; and as the body of the people do or do not participate in the power of making them. The learned Prelate ſeems to have thought otherwiſe, and therefore has given a definition of liberty, which might as well have been given of ſlavery.

At the concluſion of his ſermon, the Archbiſhop adds words which he calls comfortable, addreſſed

is it that the Diſſenters ſhould come in for a ſhare in his Grace's abuſe?——Their political principles, he ſays, are growing dangerous.——On what does he ground this inſinuation? He is miſtaken if he imagines that they are all ſuch delinquents as the author of the following tracts, or that they think univerſally as he does of the war with America. On this ſubject they are, like other bodies of men in the kingdom, of different opinions.——But I will tell him in what they agree.——They agree in deteſting the doctrines of paſſive obedience and non-reſiſtance. They are all WHIGS, enemies to arbitrary power, and firmly attached to thoſe principles of civil and religious liberty which produced the GLORIOUS REVOLUTION and the HANOVERIAN SUCCESSION.——Such principles are the nation's beſt defence; and Proteſtant Diſſenters have hitherto reckoned it their glory to be diſtinguiſhed by zeal for them, and an adherence to them. ONCE theſe principles were *approved* by men in power. No good can be expected, if they are now reckoned dangerous.

addreſſed to thoſe who had been *patient in tribulation*,(*a*) and intimating that they might *rejoice in hope*, "a ray of brightneſs then appearing "after a proſpect which had been long dark." And in an account which follows the ſermon, from one of the miſſionaries in the province of New-York, it is ſaid, that "the rebellion would "undoubtedly be cruſhed, and that THEN will "be the time for taking ſteps for the increaſe of "the church in America, by granting it an epiſ-"copate." In conformity to the ſentiments of

(*a*) That is, the miſſionaries of the ſociety in America.—The charter of the ſociety declares the end of its incorporation to be "propagating the goſpel in foreign parts, "and making proviſion for the worſhip of God in thoſe "plantations which wanted the adminiſtration of God's "word and ſacraments, and were abandoned to atheiſm "and infidelity." The chief buſineſs, on the contrary, of the ſociety has been to provide for the ſupport of *epiſcopalianiſm* in the northern colonies, and particularly NEW-ENGLAND, where the ſacraments are more regularly adminiſtered, and the people leſs abandoned to infidelity, than perhaps in any country under heaven. The miſſionaries employed and paid by the ſociety for this purpoſe, have generally been clergymen of the higheſt principles in church and ſtate. *America*, having been for ſome time very hoſtile to men of ſuch principles, moſt of them have been obliged to take refuge in this country; and here they have, I am afraid, been too ſucceſsful in propagating their own reſentments, in miſleading our rulers, and widening the breach which has produced the preſent war.

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this miſſionary, the Archbiſhop alſo expreſſes his hope, that the opportunity which ſuch an event will give, for eſtabliſhing epiſcopacy among the coloniſts, will not be loſt; and adviſes, that meaſures ſhould be thought of for that purpoſe, and for thereby reſcuing the church from the perſecution it has long ſuffered in *America*.

This is a ſubject ſo important, and it has been ſo much miſrepreſented, that I cannot help going out of my way to give a brief account of it.

It does not appear that the lay members themſelves of the church in *America* have ever wiſhed for Biſhops. On the contrary, the aſſembly of *Virginia* (the firſt epiſcopal colony) ſome years ago returned thanks to two clergymen in that colony, who had proteſted againſt a reſolution of the other clergy to petition for Biſhops. The church *here* cannot have a right to *impoſe* Biſhops on the church in another country; and therefore, while churchmen in *America* are averſe to Biſhops, it muſt be perſecution to ſend Biſhops among them. The *Preſbyterians*, and other religious ſects there, are willing, from a ſenſe of the reaſonableneſs of toleration, to admit Biſhops whenever the body of epiſcopalian laity ſhall deſire them, provided ſecurity is given that they ſhall be officers merely ſpiritual, poſſeſſed of no other powers than thoſe which are neceſſary to the full exerciſe of that mode

mode of religious worſhip. It is not Biſhops, as *ſpiritual* officers, they have oppoſed; but Biſhops on a ſtate-eſtabliſhment; Biſhops with *civil* powers; Biſhops at the head of eccleſiaſtical courts, maintained by taxing other ſects, and poſſeſſed of a PRE-EMINENCE which would be incompatible with the equality which has long ſubſiſted among all religious ſects in *America*. In this laſt reſpect, the colonies have hitherto enjoyed a happineſs which is unparalleled, but which the introduction of ſuch Biſhops as would be ſent from hence would deſtroy. In *Penſilvania* (one of the happieſt countries under heaven before we carried into it deſolation and carnage) all ſects of chriſtians have been always perfectly on a level, the legiſlature taking no part with any one ſect againſt others, but protecting all equally as far as they are peaceable. The ſtate of the colonies north of *Penſilvania* is much the ſame; and, in the province of *Maſſachuſett's-Bay* in particular, civil authority interpoſes no farther in religion than by impoſing a tax for ſupporting public worſhip, leaving to all the power of applying the tax to the ſupport of that mode of public worſhip which they like beſt. This tax the epiſcopalians were, at one time, obliged to pay in common with others; but ſo far did the province carry its indulgence to them, that an act was paſſed on purpoſe to excuſe them.

them.—With this let the ſtate of Proteſtant Diſſenters in this country be compared. Not only are they obliged to pay tithes for the ſupport of the eſtabliſhed church, but their worſhip is not even tolerated, unleſs their miniſters will ſubſcribe the articles of the church. In conſequence of having long ſcrupled this ſubſcription, they have loſt all legal right to protection, and are expoſed to the cruelleſt penalties. Uneaſy in ſuch a ſituation, they not long ago applied twice to parliament for the repeal of the penal laws againſt them. Bills for that purpoſe were brought into the *Houſe of Commons*, and paſſed that Houſe. But, in the Houſe of Lords, they were rejected in conſequence of the oppoſition of the Biſhops.—There are few I reverence ſo much as ſome on the ſacred bench; but ſuch conduct (and may I not add the alacrity with which moſt of them ſupport the preſent meaſures?) muſt leave an indelible ſtain upon them, and will probably exclude them for ever from *America*.

On this occaſion, I cannot help thinking with concern of the learned Prelate's feelings. After a proſpect long dark, he had diſcovered a ray of brightneſs ſhewing him *America* reduced, and the church triumphant: But lately, that ray of brightneſs has vaniſhed, and defeat has taken place of victory and conqueſt.—And what do we *now* ſee?—What a different proſpect, mortifying

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to the learned Prelate, preſents itſelf?—A great people likely to be formed, in ſpite of all our efforts, into free communities, under governments which have (*a*) no religious teſts and eſtabliſhments!—A new æra in future annals, and a new

(*a*) I am ſorry to mention one exception to the fact here intimated. The new conſtitution for *Penſilvania* (in other reſpects wiſe and liberal) is diſhonoured by a religious teſt. It requires an acknowledgment of the divine inſpiration of the Old and New Teſtament, as a condition of being admitted to a ſeat in the Houſe of Repreſentatives; directing however, at the ſame time, that no other religious teſt ſhall *for ever* hereafter be required of any civil officer.——This has been, probably, an accommodation to the prejudices of ſome of the narrower ſects in the province, to which the more liberal part have for the preſent thought fit to yield; and, therefore, it may be expected that it will not be of long continuance.

Religious teſts and ſubſcriptions in general, and all eſtabliſhments of particular ſyſtems of faith, with civil emoluments annexed, do inconceivable miſchief, by turning religion into a trade, by engendering ſtrife and perſecution, by forming hypocrites, by obſtructing the progreſs of truth, and fettering and perverting the human mind; nor will the world ever grow much *wiſer*, or *better*, or *happier*, till, by the abolition of them, truth can gain fair play, and reaſon free ſcope for exertion. The Archbiſhop, page 11, ſpeaks of chriſtianity as "inſufficient to rely on its own energies; and "of the aſſiſtances which it is the buſineſs of civil authority "to provide for goſpel truths."——A worſe ſlander was never thrown on goſpel truths. Chriſtianity diſdains ſuch aſſiſtances as the corrupted governments of this world are capable of giving it. Politicians and ſtateſmen know little of it. Their *enmity* has ſometimes done it good; but their *friendſhip*, by ſupporting corruptions carrying its name, has been almoſt fatal to it.

opening

opening in human affairs beginning, among the deſcendants of *Engliſhmen*, in a new world;—A riſing empire, extended over an immenſe continent, without BISHOPS,—without NOBLES,—and without KINGS.

O the depth of the riches of the wiſdom of God! How unſearchable are his judgments!

But to proceed to another ſubject.

In the ſecond of the following tracts, page 48. I have obſerved, that in former times it was the cuſtom of parliament to paſs bills for appointing commiſſioners to take, ſtate, and examine the public accounts. I have lately had it in my power to inform myſelf more particularly on this ſubject; and I ſhall here beg leave to give a brief recital of ſome of the principal facts relating to it.

The firſt bill for the purpoſe I have mentioned was paſſed in the times of the commonwealth, and in the year 1653. It was called an "act for accounts, and for clearing of public "debts, and diſcovering frauds and conceal-"ments." Seven commiſſioners were named in it, and the neceſſary powers given them. In 1667, another act was paſſed for the ſame purpoſe; after which I find no account of any ſuch acts till the beginning of the reign of King William.

William. At this time complaints of miſmanagement and embezzlements in the diſpoſition of public money were become ſo prevalent, that the *Houſe of Commons* thought it neceſſary to enter into meaſures for effectually preventing them, by obliging all revenue officers to make up their accounts, and bringing defaulters to juſtice.

With theſe views, ſix of the acts I have mentioned were paſſed between the years 1690 and 1701. Another was paſſed in the firſt of Queen *Anne*; and *three* more in her four laſt years. In King *William*'s reign they were always paſſed by the *Houſe of Commons* without a diviſion. In *Queen Anne's reign*, not *one* paſſed without a diviſion. In 1717, a motion for ſuch an act was *rejected* without a diviſion; and ſince 1717, only one motion (*a*) has been made for ſuch a bill, and it was rejected by a majority of 136 to 66.

The preamble to theſe acts declares the reaſon of them to be, that "the kingdom may be "ſatisfied and truly informed, whether all the "monies granted by parliament have been faith-"fully iſſued and applied to the end for which "they had been given; and that all loyal ſubjects "may be thereby encouraged more chearfully to "bear the burthens laid upon them." The number of commiſſioners named in them was generally nine or ſeven, all members of the *Houſe*

(*a*) In 1742, after the reſignation of Sir *Robert Walpole*.

of Commons. It was particularly ordered, that they ſhould take an account of all the revenues brought into the receipt of the Exchequer, and all arrears thereof; of all monies in the hands of the receivers general of the land-tax, cuſtoms and exciſe; of all the public ſtores, proviſions, &c. as well for land as ſea ſervice; of all ſhips of war, and the ſums of money provided or paid for the uſe of the forces by ſea and land, and the number of them reſpectively; and of any briberies or corruptions in any perſons concerned in the receiving or diſpoſing of the national treaſure. And, for theſe purpoſes, they were impowered to call before them, and to examine upon oath the officers of the exchequer, the ſecretary at war, paymaſter of the forces, commiſſioners of the navy and ordnance, and all perſons whatever employed as commiſſioners, or otherwiſe, in or about the *Treaſury*.

The reports, which the commiſſioners thus appointed delivered from time to time to parliament, contain accounts of a waſte of public money, ariſing from the rapacity of contractors, and many ſcandalous abuſes and frauds in every part of the public ſervice, which muſt ſhock every perſon not grown callous to all the feelings of honeſty and honour. In conſequence of theſe reports, the *Houſe of Commons* addreſſed the throne, and remonſtrated; ſeveral great men were

were accuſed, and brought to ſhame; ſome were diſmiſſed from their places, and ordered to be proſecuted; ſome expelled, and ſome committed to the Tower. Thus did our repreſentatives in thoſe times diſcharge their duty as guardians of the public property; and it is, in my opinion, only by ſuch means that they are capable of doing this properly and effectually. It muſt, however, be acknowledged, that theſe commiſſions of enquiry did not produce all the good effects which might have been expected from them. The influence of the crown, and the intereſt in parliament of many great men entruſted with the diſpoſition of public money, rendered the proper execution of them extremely difficult. This led ſome even of the *Tories*, at the time of the great change of miniſtry in 1710, to propoſe, that the receiving and iſſuing of the public money ſhould be taken from the crown; and, in defence of this propoſal, it was urged, that the iſſuing of public money, being in ſome of the moſt deſpotic countries left in the hands of the people, it was by no means a neceſſary part of the royal prerogative. This would indeed have provided a complete remedy; and it might have perpetuated the conſtitution. But, even in theſe times, it was a reformation too great and too impracticable to engage much attention.

Ever ſince thoſe times the public accounts have been growing more complicated; and the temptations to profuſion and embezzlement have been increaſing with increaſing luxury and diſſipation. How aſtoniſhing then is it that every idea of ſuch *commiſſions* ſhould be now loſt; and that, at a time when the nation is labouring under expences almoſt too heavy to be borne, the paſſing of accounts by the *Houſe of Commons* is become little more than a matter of form; our repreſentatives ſcarcely thinking it worth their while to attend on ſuch occaſions, and MILLIONS of the public treaſure being ſometimes given away, in a few hours, juſt as propoſed by the *Treaſury*, without debate or enquiry.

I muſt not forget to mention particularly on this ſubject, that the commiſſioners named in the acts I have deſcribed, were always declared incapable of holding any place or office of profit under the crown; and directed to take an account "of all "penſions, ſalaries, and ſums of money paid "or payable to members of parliament out of "the revenue or otherwiſe."——Not long before this time, the *Houſe of Commons* would not ſuffer even the *Attorney-general* (*a*) to ſit and vote in the

(*a*) Sir FRANCIS BACON was the *ſecond* ATTORNEY-GENERAL who ſat in the *Houſe of Commons*; but, to prevent its being drawn into a precedent, the Houſe would not admit him, till they had made an order, that no Attorney-

the houſe becauſe he was the king's ſervant; and in 1678, a member, as Mr. *Trenchard* ſays, was committed to the Tower, for only ſaying in the houſe that the king might keep guards for his defence, if he could pay them.——Such *once* was the Houſe of Commons——So jealous of the power of the crown, and ſo chaſte.——Since the reign of Queen *Ann* and the paſſing of the *Septennial Act*, a great change has taken place. (*a*)

A change

General ſhould for the future be allowed to ſit and vote in that Houſe.——In conformity to this order, whenever afterwards a member was appointed Attorney-General, his place was vacated, and a new writ iſſued. This continued to be the practice till the year 1670, when Sir HENEAGE FINCH (afterwards EARL OF NOTTINGHAM) being appointed Attorney-General, he was allowed by connivance to preſerve his ſeat, which connivance has been continued ever ſince.—I give theſe facts not from any enquiry or knowledge of my own, but from the authority of a friend, who is perhaps better informed than any perſon in the kingdom on every ſubject of this kind.

(*a*) The following facts will ſhew, in ſome degree, how this change has been brought about.——For ten years ending Aug. 1, 1717 (a period comprehending in it a general war abroad; and the demiſe of the crown, the eſtabliſhment of a new family, and an open rebellion at home) the money expended in ſecret ſervices amounted only to 279,444 l.——For TEN YEARS ending Feb. 11, 1742, it amounted to no leſs a ſum than 1.384,600; of which 50,077 l. was paid to printers of News-papers and writers for government; and a greater ſum expended, in the laſt *ſix weeks* of theſe ten years, than had been ſpent in *three years* before Aug. 1710.——See

the

A change which is little leſs than the total ruin of the conſtitution, and which may end in a tyranny the moſt oppreſſive and inſupportable. It is, therefore, the greateſt evil, which could have happened to us; and the men, by whoſe abominable

the Report of the COMMITTEE appointed March 23, 1742, to enquire into the conduct of ROBERT EARL OF ORFORD, printed in the Journals of the Houſe of Commons, vol. 24, p. 295, 296, 300.—One paſſage, in this report, contains remarks, ſo much to my preſent purpoſe and ſo important, that I cannot help copying it.——"There are no laws particularly "adapted to the caſe of a miniſter who clandeſtinely em- "ploys the money of the public, and the whole power and "profitable employments that attend the collecting and diſ- "poſing of it, *againſt* the people: And, by this profuſion "and criminal diſtribution of offices, in ſome meaſure juſ- "tifies the expence that particular perſons are obliged to be "at, by making it neceſſary to the preſervation of all that "is valuable to a free nation. For in that caſe, the conteſt "is plain and viſible. It is, whether the Commons ſhall "retain the *third* ſtate in their own hands; while this "whole diſpute is carried on at the expence of the people, "and, on the ſide of the miniſter, out of the money granted "to ſupport and ſecure the conſtitutional independence of "the three branches of the legiſlature.——This method of "corruption is as ſure, and, therefore, as criminal a way of "ſubverting the conſtitution as by an armed force. It is a "crime, productive of a total deſtruction of the very being "of this government; and is ſo *high* and *unnatural*, that no- "thing but the powers of parliament can reach it; and, as "it never can meet with parliamentary animadverſion but "when it is unſucceſsful, it muſt ſeek for its *ſecurity* in the "extent

able policy it has been accompliſhed, ought to be followed with the everlaſting execrations of every friend to public virtue and liberty.

I now withdraw to the ſituation of an anxious ſpectator of public events; but before I do this, I muſt leave with the public, at this threatening period, the following ſentiments.

Not long ago, the colonies might have been kept, without bloodſhed or trouble, by repealing the *acts* which have made us the aggreſſors in the preſent war; but *now* it would be great folly to expect this.—At the ſame time I think it certain, that they may be rendered more uſeful to us by a pacification on liberal terms, which ſhall bind them to us as FRIENDS, than by any victories or ſlaughters (were they poſſible) which can force them to ſubmit to us as SUBJECTS.—I think it alſo certain, that ſhould the offer of ſuch terms be delayed till they have formed an alliance with *France*, this country is UNDONE.—— Such an alliance, we may hope, is not yet ſettled.——Our rulers, therefore, may *poſſibly*

" extent and efficacy of the miſchief it produces." P. 395. The obſtructions which this committee met with in their enquiry proved, that the crime they here deſcribe in ſuch emphatical language, had *even then* obtained that very ſecurity, in the extent of the miſchief it produced, which they obſerve it was under a neceſſity of ſeeking.

have ſtill a moment for pauſing and retreating, and every dictate of prudence and feeling of humanity requires them to be ſpeedy and earneſt in improving it.—But what am I ſaying? I know this muſt not be expected. Too full of ideas of our own dignity; too proud to retract; and too tenacious of dominion, we ſeem determined to perſiſt: And the conſequence muſt be, that the colonies will become the allies of *France*; that a general war will be kindled; and, perhaps, this once happy country be made, in righteous judgment, the ſeat of that deſolation and miſery which it has produced in other countries.

January 19, 1776.

ACCOUNT

Account of the Customs for the last Six Years.

In the following tracts I have reckoned, among the deſtructive conſequences of the war with *America*, the loſs of a conſiderable part of our trade. In conſequence of ſeveral accidental cauſes, particularly the demand created by the war, this effect has not yet been ſo much felt as was generally expected. The truth, however, is, that the war has operated in this way to a degree that is remarkable and alarming, as will appear from the following account of the Customs for the laſt ſix years.

	Groſs Receipt.	Debentures.	Net Receipt.	Payments into the Exchequer.
1772	5.134,503	2.214,508	2.441,038	2.525,515
1773	5.159,800	2.463,767	2.221,460	2.431,071
1774	5.068,000	2.132,600	2.455,500	2.547,717
1775	5.146,900	1.904,900	2.709,340	2.476,302
1776	3.726,970	1.544,300	1.633,380	2.460,402

It ſhould be obſerved, that though, in 1776, there had been no importation of *tabacco*, yet the duties on *tobacco* brought into the *Exchequer* as much as ever, theſe duties having been paid for old ſtock taken out of the warehouſes for *home conſumption*, inſtead of *exportation*. This is one of the cauſes which contributed to keep up the payments into the *Exchequer* in 1776, notwithſtanding a ſudden fall of near a MILLION AND A HALF in the groſs receipt, and above a MILLION in the net produce.———In the laſt year, or 1777, the payments into the *Exchequer*, for the three quarters ended at *Michaelmas* laſt, had ſunk near a quarter of a million. But what may be of more importance is, that

the debentures (or duties returned at exportation) which had fallen in 1775 and 1776 above a *fourth*, continued to fall in 1777; and, in the port of LONDON (where commonly about three-fourths of the cuſtoms are paid) they did not amount laſt year to *half* the uſual ſum.

I have examined the cuſtoms from the Revolution to the preſent time; but I cannot find that any thing like ſuch a fall in them has ever happened before. A diſmal prelude, probably, to greater falls.

ADVERTISEMENT.

THE preſent ſtate of the public funds makes it neceſſary for me to acquaint the reader, that when the *Supplement* to the following Tracts was written, the 3 *per cent.* annuities were at the price which the calculations in it ſuppoſe, or nearly at 78. They have ſince fallen to 72, and once even below 69, which is a lower price than they were ever at during the whole laſt war, except juſt at the pinch of the loan of twelve millions in 1762.—The difference of price alſo between them and the new 4 *per cents.* is fallen, (for no reaſon that I can diſcover) from 14 to about 10½.—I find, likewiſe, that in conſequence of a diſtreſſing ſcarcity of money, the ſubſcribers to the laſt loan of *five millions* have not yet been able to complete their payments.—Theſe facts afford a dark proſpect; and make it doubtful whether, if things don't mend, it will be poſſible, by any ſchemes, to procure the money neceſſary to bear the expence of another campaign.——Should it happen, for theſe reaſons, that what I have written on loans can be of no uſe; or, though capable of being of uſe, ſhould it be neglected; I ſhall ſtill reflect with ſatisfaction, that I have now given what I wiſhed to offer on this ſubject with more correctneſs; and proved, beyond a doubt, that a great part of the National Debt is an *artificial* debt, for which no money has been received, and which might have been eaſily avoided.

SUPPLEMENT TO SECTION III. PART II.

Containing additional Obſervations on Schemes for raiſing Money by Public Loans.

IT is impoſſible, that any attentive perſon can reflect without concern, on that monſtrous accumulation of artificial debt for which no value has been received, which has been pointed out in different parts of the preceding Tract; and, particularly in the third Section of the ſecond Part. This being a ſubject which, in the preſent ſtate of our finances, is highly intereſting; I have been induced to return to it in this place; and to offer ſome further obſervations and propoſals which have occurred to me in re-conſidering it, and which I think neceſſary to explain and confirm thoſe which have been already offered.

There are two methods in which money is capable of being borrowed for public ſervices. The firſt is, by offering ſuch *high* intereſt as may of itſelf be ſufficient to induce lenders to advance the ſums that are wanted: And the ſecond is, by of-

BRITISH MUSEUM

fering a *low* intereſt, with a *gratuity* or *doceur* to produce the acceptance of it.—The laſt has been the method in which our government has moſt commonly borrowed money; and the gratuity offered has been either a right to a greater capital than the ſum advanced, or a *long* or *ſhort* or *life* annuity, or the profits of a lottery, or ſome advantages of trade.——The firſt without doubt, is the moſt rational method of borrowing; and the latter is ſo abſurd and extravagant as to be incapable of being adopted in the common tranſactions of life. —In order to give a juſt and full idea of this, I ſhall inſtance in the laſt loan; ſpecifying the manner in which it *would* have been made if the uſual method of borrowing had been followed; and comparing this with the manner in which it *was* made; and the manner in which, I think, it *might* have been made to the greateſt advantage.

FIVE MILLIONS, it is well known, were borrowed laſt year; and, had the old plan of borrowing been adopted, this ſum would have been borrowed by ſome ſuch ſcheme as one of the *two* following.

Firſt. Intereſt in the public funds being then near 4 *per cent. per ann.* an intereſt of only 3 *per cent.* would have been offered; or, in other words, for every 100l. in *money*, 100l. *ſtock* carrying 3 *per cent.* (worth then 78l.) would have been given; but at the ſame time, as a *premium* or *compenſation* for accepting ſuch low intereſt, a life-annuity, or

a ſhort annuity would have been offered worth ſomewhat more than the difference between 100l. and 78l. or about 24l. The whole premium, therefore, in raiſing *five millions*, would have been equal in value to about 1.200,000l. and, ſuppoſing it to have been either a life-annuity, or a ſhort annuity for 17 years of 2l. worth 12 years purchaſe, annexed to every 100l. ſtock, the whole annual charge incurred by the loan would have been 250,000l. for a term of years, and 150,000l. for ever till the capital is redeemed.

It is manifeſt that the capital including in it according to this account almoſt the whole *premium*, the public makes itſelf, by this mode of borrowing, a *debtor* for the very thing it *gives*; and, beſides paying the annuity, obliges itſelf to advance at redemption the whole value of it.—It is proper to add, that this is done *unneceſſarily*, becauſe 1.200,000 might have been procured by ſelling the annuity, and the remaining 3.800,000l. neceſſary to make up five millions, might have been procured, as will be ſhewn preſently, without any *doceur* by giving higher intereſt.

But there is another method of borrowing which has been practiſed by government on former occaſions, and which might have been adopted in the laſt loan.

For every 100l. advanced a new capital in the 3 *per cent.* funds worth that ſum would have been

ſold, including a funded 10l. lottery ticket. This new capital would have been nearly 127l. three *per cent. ſtock* for every 100l. in *money*, or 6.343,954l. ſtock for FIVE MILLIONS in money; of which ſtock 5.718,954l. would have been ſold, to encourage ſubſcriptions, at 2 *per cent.* below the market price, that is, at 76l. ½; and the remaining ſtock, having a lottery annexed, would have been ſold at *par*. A fictitious or artificial capital, therefore, would have been created, or a debt incurred more than the value received, of 1,343,954l. beſides relinquiſhing about 150,000l. which might have been obtained by the profits of the lottery.

I have been ſeldom more ſurprized than at the preference of this ſcheme, which, at the time of ſettling the laſt loan, was expreſſed by ſome very reſpectable members of the Houſe of Commons; nor can this preference be eaſily accounted for on any other ſuppoſition than that they conſider the public debts as incumbrances, never to be removed, and, therefore, think it of no conſequence with what difficulties the redemption of them is loaded by an increaſe of capitals bearing low intereſt. It muſt be acknowledged indeed that this method of borrowing would have been attended with a ſmall preſent advantage; for the intereſt of 6.343,954l. at 3 *per cent.* is 190,318l. and this, together with the intereſt of 150,000l.

or 6000l. *per ann.* loſt by giving up the profits of a lottery, would have been the whole preſent annual charge it would have brought on the public. But if this be a ſufficient reaſon for preferring ſuch a ſcheme, it would perhaps be beſt to create capitals bearing 2 *per cent.* or even 1 *per cent.* intereſt; for probably ſuch capitals would bear a better price, in proportion to the rates of intereſt, than any 3 *per cent.* capitals, and conſequently, a greater preſent ſaving might be made by ſelling them. No other objection can be made to this than that by lowering intereſt, and laying the public under an obligation to return *double* or *triple* every ſum it receives; the redemption of the public debts might be rendered ſo expenſive and difficult as to be entirely impracticable. But this would be of no conſequence if indeed their redemption is already become impracticable; and if, therefore, every new charge they bring on the public is to be conſidered as laid on for eternity.

With theſe ſchemes let us now compare the ſcheme actually adopted for the laſt loan.

Inſtead of a 3 *per cent.* capital, a new capital bearing 4 *per cent.* intereſt, irredeemable for ten years, was offered at 95l. for every 100l. *ſtock*, with two *douceurs* to raiſe the value of the ſtock above 100l. in money; namely, a ſhort annuity

of a HALF *per cent.* for ten years, (reckoned worth 4l. 2s.) and the profit (reckoned at 3l.) of one ticket in a money lottery conſiſting of 50,000 tickets.

The chief difference between this ſcheme and the firſt I have deſcribed is, that the new ſtock created is a FOUR *per cent.* inſtead of a THREE *per cent.* ſtock. But this is a difference of particular importance, and brings it near to ſuch plans of borrowing as appear to me the beſt.——In the *firſt* ſcheme, the artificial capital is 1.200,000l. In the *ſecond*, 1.343,954l. In this *third* ſcheme it is only 250,000l. This ſcheme, therefore, has evidently great merit; and perhaps, in the preſent ſtate of the public debts, it does not admit of any great improvement. There is, however, an eaſy alteration which, I think, would have been an improvement, and which I ſhall take the liberty to mention.

According to a preceding obſervation, the two *douceurs* being included in the capital, are granted, and muſt be paid twice over. This is ſo abſurd and extravagant that it ought to be avoided as far as poſſible; and it might have been avoided, in a great meaſure, by offering for every 100l. advanced 95l. ſtock, carrying 4 *and a quarter* intereſt irredeemable for ten years, with the ſame

ſhort

ſhort annuity and a lottery ticket annexed.(*a*) In this caſe, the new capital would have been 4.750,000l. carrying (at $4\frac{1}{4}$ *per cent.*) 201,875l. *per ann.* intereſt. There would, therefore, have been a ſaving of 250,000l. in the capital; and the annual charge would have been nearly the ſame.

It muſt be obſerved that this ſcheme ſuppoſes that a ſtock bearing $4\frac{1}{4}$ *per cent.* intereſt would have been valued nearly at *par*; and, according to the principles on which the ſcheme was calculated, it could not have been valued at much leſs; or, ſuppoſing it valued at 1 or 2 *per cent.* leſs, the difference might have been made up by only adding two or three years to the duration of the ſhort annuity and the term of irredeemableneſs.—Had a *ſtock* been offered bearing $4\frac{1}{2}$ *per cent.* intereſt irredeemable for ten years, one *half* at leaſt of the ſhort annuity might have been ſaved. The annual charge for ten years would have been ſomewhat leſs; (*b*) and the exceſs afterwards would have been

(*a*) Or, for every 105l. contributed, 100l. STOCK irredeemable for 10 years might have been given, carrying $4\frac{1}{4}$ *per cent.* intereſt, with the ſame ſhort annuity and a lottery ticket annexed; and then the new capital would have been 4.762,000l. carrying (at $4\frac{1}{4}$ *per cent.*) 202,385l. *per ann.* intereſt. The amount of the ſhort annuity would have been 23,810l. and the number of lottery tickets 47,620.

(*b*) 211,375l. the intereſt at $4\frac{1}{2}$ of 4.750,000l. and 12,500l. a ſhort annuity of a QUARTER *per cent.* annexed to every 100l.

been much more than compenſated by the advantages at redemption attending a higher intereſt and a ſmaller capital.

But, perhaps, ſuch a ſcheme as the following would have been preferable to any of thoſe now propoſed,

For every 100l. in *money* 75l. ſtock irredeemable for 10 years and carrying $4\frac{1}{4}$ *per cent.* intereſt, might have been offered, together with an annuity for 27 years of $1\frac{1}{2}$ *per cent.* (valued cheap at 16 years purchaſe, or 24l.) and the advantage of a lottery ticket. This ſcheme would have been as likely to be attended with a profit as that which was adopted. The new capital would have been only 3.750,000l, bearing 159,375l. intereſt. The ſhort annuity would have been 75,000l. and the whole annual charge (ſuppoſing no redemptions of the capital to take place after ten years) 234,375l. for 27 years, and afterwards 159,375l. It appears, therefore, that 1.250,000l. or a *quarter* of the capital that was actually created, would have been ſaved; and alſo a rent charge on the public after 27 years of 40,750l. *per ann.* for ever.—The additional expence to balance theſe advantages would have been 9.650l. *per ann.* for ten years, and 34,375l. *per ann.* for 17 years. In other

contributed, make 223,875l. This laſt ſum, therefore, would have been the annual charge for 10 years; and the firſt ſum the annual charge after ten years till redemption.

words;

words; the public would have abſolutely ſecured the redemption of a *quarter* of the loan, (or of 1.250,000l.) beſides an eaſier redemption of the remainder, at the expence of 680,875l. in the whole, (*a*) to be paid annually in ſmall ſums during the courſe of 27 years.

All that has been now ſaid has gone on the ſuppoſition that, agreeably to the calculations on which the laſt loan was formed, 100l. *ſtock* irredeemable for ten years and bearing 4 *per cent.* intereſt, would ſell at 17l. more than 100l. ſtock bearing 3 *per cent.* intereſt; (or at 95l. when the latter ſtock is at 78l.) and alſo, that a ſhort annuity for ten years would ſell at $8\frac{1}{10}$ years purchaſe.—— But events have ſhewn that theſe valuations were too high. The new ſubſcription (including 100l. four *per cent.* ſtock, a half *per cent.* ſhort annuity, and the profit of a lottery ticket) ſhould have ſold, according to theſe valuations, at about $102\frac{1}{4}$. But it never bore ſo high a price; and in a little time it fell to *par*, and at laſt to 3 *per cent.* diſcount.— Various reaſons have been aſſigned for this; but the true reaſons were the following.

Firſt. A general fall of near 2 *per cent.* which took place in the ſtocks ſoon after the loan was ſettled.

(*a*) Ten payments of 9,650l. and ſeventeen payments of 34,375l. make 680,875l.

Secondly,

Secondly. A lower valuation of the new 4 *per cent.* ſtock and the ſhort annuity which took place in the ALLEY.—This was the principal reaſon; and it will be proper particularly to explain it. In doing this, it will be neceſſary to look back a little to the hiſtory of the public funds.

In 1717 the public debts were reduced from an intereſt of 6 *per cent.* to 5 *per cent.* and in 1727, from 5 *per cent* to 4 *per cent.* In 1737 a bill was brought into the HOUSE of COMMONS by Sir *John Barnard*, for a farther reduction from 4 to 3 *per cent.* At this time the 3 *per cents.* were above *par*; and even, during the three firſt years of the war which began in 1740, they continued ſo high that government was able to raiſe the neceſſary ſupplies by borrowing at 3 *per cent.*——In ſuch circumſtances, it was impoſſible the public creditors ſhould avoid expecting a *third* reduction; and this expectation would neceſſarily ſink the value of the FOUR PER CENTS. by leading the public to conſider them as no more than a THREE *per cent.* ſtock having a ſhort annuity of ONE *per cent.* annexed. Accordingly; *before* the war the difference of price between the THREE and the FOUR *per cent.* ſtocks was about 10 or 11 *per cent.* After the commencement of the war, a reduction becoming more doubtful and more diſtant, this difference became greater, and generally kept between

tween 14 and 17 *per cent.* At the approach of the PEACE in 1748, it ſunk to 11 *per cent.* and ſoon *after* the PEACE, the 3 *per cents.* having riſen conſiderably above *par*, (*a*) and an univerſal expectation of a ſpeedy reduction taking place, it ſunk to 6 *per cent.*——It is evident, therefore, that the price of the FOUR *per cents.* has been governed by the expectation of their reduction, (*b*) and that, had there been no ſuch expectation, their price, compared with the 3 *per cents.* would have been much higher. It will appear preſently to be moſt probable, that had it not been for this expectation, the prices of theſe ſtocks would not have differed much from the proportion of the rates of intereſt.

In taking this account, I have only compared the THREE *per cents.* with the SOUTH-SEA FOUR *per*

(*a*) It may be worth obſerving, that during this whole war they never fell below 82, except for a few months during the rebellion in 1745; that after the PEACE in 1748 they roſe to 105, and in the ſucceeding war never fell ſo low as they are now, except in the two laſt years; that after the PEACE in 1763 it was expected they would again riſe above *par*; but that, inſtead of this, they have in general during the whole peace kept 12 or 13 *per cent.* below *par*, and 15 or 16 *per cent.* below the price they bore before the two laſt wars.——One of the reaſons of the great alteration which has taken place ſince the laſt war is, I think, pointed out in the 3d Section of the 3d Part of this Tract.

(*b*) Since the reduction in 1749 there has been no FOUR *per cent.* capital created except that of the laſt year.

cent,

cent. capitals before their reduction in 1749, at which time they amounted to above 27 millions, and were (as the conſolidated three *per cent.* annuities are now) the grand ſtaple ſtock of the kingdom. In 1746 and 1747, two new FOUR *per cent.* capitals were created redeemable at any time, and transferrable at the BANK. The price of theſe new capitals kept for ſome time after their creation, conſiderably below the price of the old SOUTH-SEA four *per cents.* the reaſons of which were, I ſuppoſe, the general reaſons which make new funds bear a lower price than old ones; and, particularly, their having leſs traffic in them, and being ſmall and detached parcels likely to be firſt ſelected for the operations of finance.

Were the cauſe now aſſigned, or the expectation of a reduction of intereſt, the only cauſe that governed the comparative prices of 3 *per cent.* and 4 *per cent.* capitals, the exceſs of one above the other would never be more than the ſuppoſed value of a ſhort annuity of 1l. till *reduction.*——But there is another cauſe which may operate in this inſtance, and which ought not to be overlooked; I mean, the expectation of a greater payment at *redemption.* The effect of the former is to *diminiſh*, and of the latter to *increaſe* the value of FOUR *per cent.* capitals.——In order to underſtand this it muſt be remembered, that when the 3 *per cents.* are at any conſiderable

conſiderable diſcount, it becomes practicable to redeem them under *par*, while debts bearing 4 *per cent.* intereſt muſt be redeemed at *par*. This will make a difference in favour of the latter, which will be greater or leſs in proportion to the greater or leſs diſcount at which the *three per cents.* are ſold, the greater or leſs quantity of ſtock bearing 4 *per cent.* intereſt, and the greater or leſs probability that the whole or a conſiderable part of it will be ſoon redeemed (*a*)——Let us ſuppoſe, for inſtance, that all the public debts bearing 4 *per cent.*

(*a*) What is here ſaid has been verified, in the particular inſtance of a *million and a half* borrowed in 1756, which was to carry $3\frac{1}{2}$ *per cent.* intereſt till 1771, and then to become redeemable.——During the laſt war, and for about three years after the commencement of peace, there was a general expectation that the THREE *per cents.* would riſe above *par* as they had done in the former peace; and while this expectation continued, this ſtock was reckoned no better than a THREE *per cent.* ſtock with a ſhort annuity of a *half per cent.* annexed; and for this reaſon it bore, during that period, a lower price than another ſtock of 4 millions and a half which was to bear the ſame intereſt till 1782, and then to become redeemable, and to ſink to an intereſt of 3 *per cent.*——In the latter end of 1767 and beginning of 1768 the price of the former ſtock roſe above that of the latter, and continued not far from *par* from that time to the time of its redemption in 1771. The reaſon muſt have been, that being a ſmall ſtock bearing a higher intereſt than the other ſtocks, it was expected, that it would be paid off at *par*, and therefore with a conſiderable profit, as ſoon as it became redeemable; which accordingly happened. See Poſtſcript, page 177.

intereſt

intereſt, conſiſt of a ſingle capital of FIVE MILLIONS redeemable at any time; and that all the reſt of the public debts are THREE *per cent.* capitals ſold at a diſcount of 12 *per cent.* or at 88l. for every 100l. ſtock. In theſe circumſtances, there would be a certainty that the ſmall ſtock bearing 4 *per cent.* intereſt would be ſelected for redemption as ſoon as poſſible; and, as a ſtock carrying ſuch high intereſt could not be expected, when the 3 *per cents.* are at 88, to be redeemed under *par*, its real value would on this account exceed that of the THREE *per cents.* more or leſs in proportion as its redemption was more or leſs diſtant. And its *whole* exceſs of value in theſe circumſtances is to be computed in the following manner.—It would conſiſt of a 3 *per cent.* capital, for every 100l. of which 100l. in money is to be received; and of an additional annuity of 1 *per cent.* till redemption. Its exceſs of value, therefore, if the whole capital was to be redeemed immediately, would be the ſame with the diſcount of the 3 *per cents.* or 12 *per cent.* If the capital was not to be redeemed till the end of 7 years, its exceſs of value would conſiſt of 12 *per cent.* payable ſeven years hence, and the preſent worth of an annuity of 1 *per cent.* for the intermediate term of ſeven years. 12l. payable at the end of 7 years is worth in preſent money (allowing compound intereſt at 4 *per cent.*) 9l. 2s. 6d. An annuity of 1l. for ſeven years is worth

worth (reckoning the ſame intereſt) 6l. The whole exceſs of value, therefore, will be 15l. 2s. 6d. for every 100l. ſtock. If the redemption of the capital is to be delayed 15 years, the exceſs of value computed in the ſame manner will be 17l. 15s. 6d. —if 20 years, 19l. 1s.—if 30 years, 21l.

If the 3 *per cents.* had been ſuppoſed at a greater diſcount, it is evident that theſe ſeveral values would have been likewiſe greater; and had the quantity of 4 *per cent.* ſtock been ſuppoſed *double* or *triple*, the effect would have been the ſame with a delay of redemption; and had it been ſuppoſed thirty or forty millions, the effect (in conſequence of our ſlow progreſs in redeeming our debts) would not have fallen very ſhort of an eternal delay of redemption.

Before 1749, the amount of the public debts carrying 4 *per cent.* intereſt was near 58 millions. The expectation, therefore, of the advantage now explained could not *then* have any effect; and the only cauſe which could have influenced, in any conſiderable degree, the comparative prices of theſe ſtocks muſt have been the firſt I have aſſigned, or the expectation of their *reduction*; that is, in other words, the expectation of a *ſudden redemption* of them, as ſoon as the 3 *per cents.* got above *par*, by borrowing money at that intereſt. Had not this been foreſeen, or had there been an act of parliament rendering it impracticable,

ble, there is no reaſon to doubt but the price of the FOUR *per cents.* compared with the THREE *per cents.* would have approached nearly to the proportion of the rates of intereſt, agreeably to what is ſaid in page 191.

The ſtate of the public funds has been much changed ſince the two laſt wars; but it is an alteration that has increaſed the comparative value of 4 *per cent.* capitals.

I have already obſerved, that during the laſt war there was reaſon to expect, that, as ſoon as peace came, the THREE *per cents.* would riſe above *par.* No one can now entertain any ſuch expectation. On the contrary; it is moſt probable, that they will never again riſe to that which has been their average price during the laſt peace from 1763 to 1775, and which, I think, may be ſtated at 87 or 88.——My reaſon for this aſſertion is,

Firſt, that after the preſent war, ſhould we be ſo happy as to eſcape the ruin with which it threatens us, our taxes and expences will be ſo much increaſed, and at the ſame time our reſources ſo much diminiſhed, as neceſſarily to leave the credit and value of our public ſecurities lower than ever.

Secondly. Though our credit and reſources ſhould continue undiminiſhed, yet the great addition which the preſent war will make to the public debts, is alone likely to ſink their value; becauſe

becauſe every increaſe of a ſaleable commodity has always a tendency to lower its price.——It follows from hence, that the purchaſers of FOUR *per cent.* capitals have now a proſpect of an advantage of 12 or 14 *per cent.* at redemption, which they could not have had before the laſt peace.

In connexion with this it muſt be conſidered, that it is now highly probable, that it will never be again practicable to reduce the intereſt of any 4 *per cent.* capitals. In order to ſuch a reduction, government muſt be able to offer to the proprietors of theſe capitals their *principal*, ſhould they not chuſe to take lower intereſt, and conſequently to borrow at an intereſt of $3\frac{1}{2}$ or $3\frac{3}{4}$ *per cent.* But no ſums will be lent on ſuch lower intereſt, unleſs it can be depended upon that capitals bearing that intereſt, when brought to market, will bear a premium of 1 or 2 *per cent.*; and this, when the *three per cents.* are not higher than 87 or 88, would require the exceſs of value of ſuch capitals to be eſtimated at 14 or 15 *per cent.* whereas it has been lately found, that even FOUR *per cent.* capitals irredeemable for ten years, will not bear ſuch an exceſs of value.—A *reduction*, therefore, of the intereſt of FOUR *per cent.* capitals, or a *redemption* of them by borrowed money, cannot now be reckoned upon; and the only cauſe that can REASONABLY ſink their value compared with the THREE *per cents.* below the ratio of the rates of intereſt, is

the probability of a redemption of them by the ſurplus of the national revenue. I need not ſay how little is to be expected from hence. Suppoſing, however, that much may be expected, I have ſhewn what effect it ought to have; and from the obſervations I have made, and particularly the computation in page 194, &c. it appears, I think, that the price of the capital of five millions four *per cent.* annuities lately created ought to have been near 18 *per cent.* more than the price of the THREE *per cents.* This appears to be true on the ſuppoſition that this capital will be redeemed in fifteen years; (that is, in five years after the expiration of the term for which it is made irredeemable) that the 3 *per cents.* will riſe to as high a price as they bore during the laſt peace; and that purchaſers are allowed to make FOUR *per cent.* compound intereſt of their money.——Were we to ſuppoſe this capital diſcharged even in two years after it becomes redeemable, the value, made out in the ſame way, would be nearly 17l.

He who will conſider all this, and alſo recollect the general price of the 4 *per cents.* before their reduction in 1749, (ſee page 190) muſt be convinced that the TREASURY, at the time the laſt loan was ſettled, had good reaſon for taking the price of the new *four per cent.* capitals 17 *per cent.* higher than the price of the three *per cents.*——It has, however, been found that this was too high a valuation. Inſtead of being ſold at 17l. more for

every 100l. ſtock than the 3 *per cents.* they have been ſold at only 13l. or 14l. more; and this has been the chief reaſon of the diſcount to which the laſt ſubſcription fell.——It is hard to ſay, by what principles the money'd men who traffic in the funds have governed themſelves in this inſtance; but certain it is, that they have not been guided by any of the rules of juſt calculation: And the ſame muſt be ſaid of the value at which they have reckoned the ſhort annuity of a half *per cent.* for ten years annexed to the new 4 *per cents.* In forming the ſcheme for the laſt loan this annuity was, I have ſaid, eſtimated at $8\frac{1}{10}$ years purchaſe, agreeably to its real value, ſuppoſing the payments yearly, the firſt payment to be made at the diſtance of a year, and money improved at 4 *per cent.* compound intereſt. But it has in general been ſold at about $7\frac{1}{2}$ years purchaſe; which is *leſs* than its value, ſuppoſing money improved at $5\frac{1}{2}$ *per cent.* compound intereſt. (*a*)

(*a*) Nothing has been more undervalued in the ALLEY than *Annuities on lives.* They have been always granted, very unreaſonably, without any limitation of age; and their value has been taken at no more than 12 or 13 years purchaſe; tho' really worth one with another 16 or 17 years purchaſe. This is a ſtrong reaſon for preferring ſhort annuities to them in all ſchemes for raiſing money. Short annuities for 21 years will be taken for as much as life-annuities; and yet experience has proved that in this time not a *quarter* of the life-annuities will drop; and the whole expence brought by them on the public will not be removed in leſs than 70 or 80 years. See Note 15, Page 134.

From this account it appears, that could the caprice of the public have been foreſeen, the price of the new four *per cents.* ſhould not have been reckoned at more than 91l.; (the 3 *per cents.* being at 78l.) and that, conſequently, to make up a value which would have produced 102l. for every 100l. advanced, either the term of irredeemableneſs and of the ſhort annuity ſhould have been lengthened; or, ſuppoſing this term the ſame, the ſhort annuity ſhould have been more than doubled. An artificial capital, indeed, of near half a million would in this caſe have been created. But this diſadvantage might have been avoided, without bringing any additional expence on the public, by ſuch alterations as I have before propoſed; and by increaſing in the corrected ſchemes, page 186, &c. either the term of irredeemableneſs, or the ſhort annuity, or the rate of intereſt, or all of them together.

The preceding account will, I fancy, help to ſhew what is practicable, *taking things as they are*, in borrowing money for public uſes. It proves, that the nation loſes greatly by the low price of all capitals bearing a higher intereſt than 3 *per cent.* and that could their value be raiſed, it would be greatly benefited.——For example. Could the new FOUR *per cents.* have been taken at 99l. for every 100l. ſtock, inſtead of 95l. the whole expence

pence of the ſhort annuity in the ſcheme of the laſt loan, and of a *quarter per cent.* perpetual intereſt, in the corrected ſchemes, page 186, &c. might have been ſaved. But had the value of the 4 *per cents.* been raiſed in proportion to the rate of intereſt, or *nearly* in that proportion, a farther ſaving might have been made, in all the ſchemes, of the profits of the lottery, and, conſequently, of 6000l. *per annum* in the annual charge.——My next enquiry, therefore, ſhall be, in what manner and by what regulations this may be done. I have written in the ſection on loans, on the ſuppoſition that ſuch regulations are practicable; and I have propoſed one of them; but I will here be more explicit.

It has been ſhewn, that before 1749 the cauſe which depreſſed the value of the 4 *per cents.* was the expectation of their being reduced; and that *now* this cauſe is the expectation of their being ſoon *redeemed.* Remove, therefore, theſe cauſes in any degree, and their value muſt riſe in the ſame degree.——With reſpect to the firſt, it is in my opinion certain that it would be doing great ſervice to the public to exclude it entirely. Our reductions of intereſt have proceeded from a policy too narrow; and the nation is likely to

ſuffer by them much more than it has gained. (*a*) The ſavings they produce, being expended on current ſervices, tempt to extravagance; give a fallacious appearance of opulence; and, by making our debts ſit lighter, render us leſs anxious about redeeming them, and leſs apprehenſive of danger from the increaſe of them. At the ſame time they render their redemption a work of more difficulty, and oblige government, when under a neceſſity of contracting new debts, either to give extravagant intereſt, or to offer extravagant premiums. That accumulation of artificial debts which I have pointed out has been owing principally to this cauſe; and had it not been, in particular, for the reduction in 1749, the public debts would now have been near 14 millions leſs; and a debt of above a hundred millions, inſtead of conſiſting of capitals bearing intereſt at 3 *per cent.* would have conſiſted of capitals bearing ſome of them $3\frac{1}{2}$, ſome 4, and ſome $4\frac{1}{2}$ and 5 *per cent.* intereſt, which (ſuppoſing them all at a medium to bear 4 *per cent.*) a million *per ann.* would have redeemed in ſix years leſs

(*a*) I would except here the firſt reduction in 1717. This was then neceſſary to gain a fund for ſinking the public debts; and had the fund thus gained been applied, as the laws required, invariably to this purpoſe, and all farther reductions been avoided, we ſhould now have been burthened with no debts.

time,

time, and at twenty-one millions leſs expence.—In ſhort; reducing of intereſt is one of thoſe unhappy TEMPORARY EXPEDIENTS to which ſtateſmen are apt to betake themſelves; and by which *preſent* relief is gained at the expence of *future* ſafety, and diſtreſs poſtponed by rendering it in the end more unavoidable and dreadful.——There cannot, therefore, be any ſufficient reaſon againſt making the intereſt of the new capitals which may be created by any future loans, IRREDUCIBLE. (*a*) Should this raiſe the price of capitals bearing high intereſt in proportion to the increaſe of intereſt, government would be enabled to borrow to equal advantage whatever intereſt it offered; the new loans would not bring any greater annual charge on the nation than would have been neceſſary had the ſame ſums been obtained by ſelling 3 *per cent.* capitals; and, at the ſame time, all the immenſe expence of *douceurs* and *fictitious capitals* would be ſaved, and all the advantages in redeeming the public debts obtained, ariſing from ſmaller capitals bearing higher intereſt.

Such a regulation as that now propoſed would be alone ſufficient for theſe purpoſes, when the amount of the debts bearing high intereſt and declared irreducible, is conſiderable, as appears

(*a*) That is; never capable of being redeemed by ſubſtituting one debt for another; or of being ſaved from redemption by accepting lower intereſt.

from what is ſaid in page 195. But when a debt happens to bear a higher intereſt than any other, and is at the ſame time ſmall, the probability of a *quick redemption* will operate in the ſame manner on its price with the expectation of a *reduction*; and in this caſe, therefore, it will become neceſſary, in order to avoid the inconveniences I have deſcribed, to POSTPONE REDEMPTION; and one of the beſt methods of doing this will be, by ordering, that ſuch a debt ſhall be redeemed *after* ſome other given part of the funded public debts.—So ſlow has been our progreſs in redeeming debts, that this (ſuppoſing the part to be firſt redeemed conſiderable) would be reckoned, in the preſent circumſtances of the funds, the ſame with making the debt to be laſt redeemed, irredeemable for ever. And ſhould ſuch an apprehenſion prove right, the public would loſe nothing; becauſe the debt, whoſe redemption was poſtponed, would bring no greater annual charge on the public, than if the ſame ſum had been obtained by ſelling a capital bearing any lower intereſt. But ſhould it prove falſe, or ſhould our debts be ever put into a fixed courſe of redemption, the public would gain greatly by being able, after diſcharging one part of its debts, to diſcharge the remainder more expeditiouſly and eaſily.

I ſhall beg leave to illuſtrate what has been now ſaid by having recourſe again to the laſt loan of

FIVE MILLIONS.——During the laſt 60 years, or from the firſt eſtabliſhment of the ſinking fund to the year 1777, no more than about FIFTEEN MILLIONS of the public funded debts have been paid. An order, therefore, that the capital of five millions bearing 4 *per cent.* created by the laſt loan, ſhould not be diſcharged unleſs a capital of twenty-five or thirty millions in the three *per cents.* ſhall have been *firſt* diſcharged, would have carried its redemption to ſo diſtant a period, as might probably have raiſed it to the ſame comparative value with any 3 *per cent.* capitals.

Let it, however, be ſuppoſed to advance its price only to 102l. when the 3 *per cents.* are at 78; that is, when the ratio of the rates of intereſt required the price to be at 104. In theſe circumſtances, 4.850,000l. of the five millions would have been advanced for an equal capital carrying 194,000l. intereſt at 4 *per cent.*; and the remaining 150,000l. would have been advanced for the lottery: And thus the whole expence of the ſhort annuity, and 150,000l. capital, would have been ſaved. —And had the ſame ſum been obtained by ſelling a 3 *per cent.* capital, the amount of intereſt, though the leaſt poſſible, would not have been much leſs;(*a*)

(*a*) Suppoſing the 3 *per cents.* ſold at 76½, the capital neceſſary to produce 4.850,000l. in money would be 6.339,869l. the intereſt of which at 3 *per cent.* is 190,195l.

but,

but, at redemption, there would have been a neceſſity of paying above a MILLION AND A QUARTER for which no value had been received.——When ſuch advantages, uncompenſated by any loſs, can be obtained by ſo eaſy and ſimple a regulation as only changing the ORDER of paying the public debts, (*a*) what poſſible reaſon can there be againſt adopting it?

There is another method by which the value of any ſtocks bearing high intereſt might be raiſed, which would probably be no leſs effectual; I mean, by ordering that no part of ſuch ſtocks ſhall be redeemed, without at the ſame time redeeming an *equal*, or any *larger* ſum, in other capitals. This is the regulation propoſed in the ſection on public loans, page 98; and it will not be amiſs here to give an illuſtration of it, by ſuppoſing, that EIGHT MILLIONS will be wanted for the neceſſary ſupplies of this year; and that this ſum will be procured by ſelling, as was done in the laſt loan, a capital equal to the ſum advanced, bearing 4 *per cent.* intereſt. Were the

(*a*) When the amount of intereſt, payable for a ſum obtained by ſelling a 4 *per cent.* capital, is the ſame with the amount of intereſt, payable for an equal ſum obtained by ſelling a 3 *per cent.* capital, which is nearly the preſent caſe, poſtponing, in the manner I have propoſed, the redemption of the former, becomes as indifferent as it would be to poſtpone in the ſame manner the redemption of any 3 *per cents.*

intereſt

intereſt in this caſe made irreducible, and the capital incapable of being redeemed without at the ſame time redeeming four times as much of the *3 per ct.* or ſome other ſtocks, an increaſe of value would be communicated to it which would render all DOUCEURS unneceſſary. For it would be a capital, the redemption of which could not be completed without diſcharging in all FORTY (*a*) MILLIONS of the public debts.——I cannot doubt but that, in theſe circumſtances (ſuppoſing the price of the *3 per cents.* to continue near 78) a 100 l. in money would be given for 100 l. in ſuch a ſtock, and the whole extravagant expence of ſhort annuities, lotteries, and artificial capitals would be ſaved.

(*a*) In this caſe only a FIFTH of the *ſurplus* to be at any time employed in redeeming debts could be applied to the redemption of this *particular* loan. The reſt after nine years might be employed in redeeming the 4 *per cent.* ſtock created laſt year; or jointly with it, ſuch parts of future loans bearing high intereſt, as, in borrowing on the ſame plan, might be left redeemable. And thus no obligation would ariſe from this mode of borrowing to prefer the redemption of 3 *per cents.* to the redemption of capitals bearing higher intereſt. In particular; had this been the plan of borrowing through the laſt war, all ſurplus monies might have been ever ſince employed intirely in paying off 4, $4\frac{1}{2}$ and 5 *per cent.* capitals preferably to any others; and at the ſame time, no *douceurs* would have been granted in order to procure the loans, no artificial debt contracted, or extraordinary charge incurred.

In

In ſhort. With the aid of ſuch regulations as thoſe now propoſed, EIGHT MILLIONS might this year be borrowed (ſuppoſing the 3 *per cents.* not lower than 78 or 77) *probably* at an intereſt of 4 *per cent.*, but *certainly* at an intereſt an EIGHTH or a QUARTER higher, without offering any *premiums.* Whereas, if no ſuch regulations are eſtabliſhed, either an artificial debt of near (*a*) *two millions and a half* muſt be created; or 5 *per cent.* for 15 or 20 years certain, together with the profits of a lottery, muſt be given; and a new tax laid which will produce 400,000 l. *per ann.*

It may deſerve to be added, that an unproſperous ſtate of public affairs, and apprehenſions of public danger, would have a tendency, by placing the redemption of our debts at a greater diſtance, to promote, rather than obſtruct the ſucceſs of ſchemes attended with ſuch regulations.

There remains one propoſal more on this ſubject which I wiſh may be attended to.

(*a*) Should this be diſregarded, and a long annuity offered, as a *douceur*, of $1\frac{1}{2}$ *per cent.* for 90 or 100 years, *eight millions* might perhaps be borrowed at an intereſt, including the long annuity, of $4\frac{1}{2}$ *per cent.* even though the 3 *per cents.* ſhould fall as low as 73.—And this, probably, would be the very ſcheme a miniſter would prefer, who, minding chiefly preſent eaſe, did not care how much he burdened the nation hereafter.

I have

I have obſerved, that our reductions of intereſt have been the effect of too narrow a policy. It ſeems to me, that one of the beſt meaſures that could now be adopted, would be to undo what we have done in this inſtance, by reſtoring the 3 *per cent.* capitals to a higher intereſt, and making this reſtoration, one of the means of raiſing the neceſſary ſupplies. That this is practicable, and that it would be advantageous, will appear from the following ſcheme, and obſervations.

For 20 l. in money, let 110 l. ſtock bearing $3\frac{1}{2}$ *per cent.* intereſt, be offered, in exchange for every 100 l. of the 3 *per cent.* ſtocks; and let the new $3\frac{1}{2}$ *per cent.* ſtock be capable of being redeemed at any time, but never under *par*, unleſs when the price of the 3 *per cents.* happens to be below 85 l.—By this ſcheme the public would procure 20 l. from the converſion of every 100 l. 3 *per cent.* ſtock into 110 l. ſtock carrying $3\frac{1}{2}$ *per cent.*; or FIVE MILLIONS from the converſion of TWENTY-FIVE MILLIONS. The new *additional* capital would be only TWO MILLIONS AND A HALF, (or 10 *per cent.* of the old capital); and the *additional* intereſt would be 17 s. (that is, a half *per cent.* added to 7 s. the intereſt of 10 l. at $3\frac{1}{2}$ *per cent.*) for every 20 l. advanced; or $4\frac{1}{4}$ *per cent.* for the whole loan.

That ſuch a ſcheme would afford ample encouragement to ſubſcriptions, ſuppoſing the 3 *per*

cents.

cents. at or near 78, will appear from conſidering, that the intereſt offered is above a *quarter per cent.* more than could be made by purchaſing any perpetual annuities, and at the ſame time, in conſequence of forming a part of the intereſt of a THREE AND A HALF *per cent.* capital, is incapable of reduction, and therefore nearly on an equal footing with the intereſt of any 3 *per cent.* capital.——But to be a little more explicit.

The new capital of 110 l. bearing 3½ *per cent.* intereſt would be better than the 100 l. THREE *per cent.* capitals for which it would be ſubſtituted, in the following reſpects.——1ſt. It would carry 17 s. *per ann.* more intereſt; and ſuch an intereſt, when the price of an annuity of 3 l. is 78 l., ought to be worth 22 l. 2 s. The additional intereſt, therefore, would be diſpoſed of at 2 l. 2 s. for every ſum of 22 l. 2 s. (or at 9½ *per cent.*) leſs than its true value, compared with the price of the 3 *per cent.* annuities.

Secondly. The 3 *per cents.* when *peace* comes, will probably be capable of being redeemed at 88 l. (*a*) But this ſtock, in the ſame circumſtances, muſt be redeemed at *par.* It will, therefore, produce 12 l. more in every 100 l. at redemption. Add the 10 l. additional ſtock; and the whole additional ſum to be received at redemption

(*a*) In 1774, a million of the 3 *per cents.* was redeemed at this price; and in 1772, a million and a half at 90.

will

will be 22 l.——There will, therefore, be a profit at redemption of 10l. *per cent.* of the money advanced; and this profit deſerves the more notice, becauſe the ſtock to which it is annexed, being redeemable at any time, and bearing a higher intereſt than the 3 *per cents.* will be ſelected for redemption before them; and therefore its price will be ſo much the more likely always to keep near *par*.—Setting aſide, however, this advantage, and ſuppoſing only the 20l. advanced likely to be received at redemption, it may be found by calculating in the manner explained in p. 194, &c. that the ſubſtitution of 110l. ſtock carrying THREE AND A HALF *per cent.* for 100 l. carrying THREE *per cent.*, or, in other words, that 20 l. to be received ſome time hereafter, beſides an annuity of 17 s. for the intermediate time, is worth in preſent money more than 20 l., reckoning compound intereſt at 4 *per cent.*

Such a ſcheme, therefore, in whatever way its value was rightly calculated, would appear to offer an advantageous bargain. Should there, however, be reaſon to fear that the public might judge otherwiſe; or ſhould the 3 *per cents.* be at 74 or 75, the value might be eaſily increaſed near nine *per cent.* by making the ſubſtituted ſtock 112 l. inſtead of 110 l. in which caſe, the intereſt for the 20 l. advanced would become

18 s.

18 s. 5d. *per ann.*, or a little more than four and a half *per cent.* inſtead of *four and a quarter.*

The advantages to the public which would ariſe from ſuch a ſcheme are——1ſt. That it would be one of the beſt preparations for meaſures that muſt ſome time or other be entered into for putting the public debts into a *fixed* courſe of redemption. (*a*)——In conſequence of being raiſed to a higher intereſt, a conſiderable part of them would be made capable of being redeemed with more eaſe and expedition; and for this reaſon, it is certain that, if there remains a poſſibility of our eſcaping

(*a*) I mean ſuch a courſe of redemption as ſhould not be liable to interruption by a WAR; or, as would be the effect of the eſtabliſhment of ſuch an unalienable *ſinking* fund as has been deſcribed in the *Appeal to the Public on the Subject of the National Debt*, and the *Obſervations on reverſionary Payments*.——Nothing can ſave us from bankruptcy but ſuch a fund; and were it eſtabliſhed, the 3 *per cents.*, when they came to be redeemed, would ſoon riſe to *par*; and, conſequently, the obligation implied in this ſcheme to pay a part of them at *par* would occaſion no additional expence. It is, however, ſo little to be expected, that ſuch a fund will be ever eſtabliſhed, that it would have been folly to have made the calculation given above, on any ſuppoſition leſs favourable, than that the 3 *per cents.* will bear the ſame price after the preſent war, that they bore after the laſt; and that we ſhall go on as we have hitherto done, paying off a *million*, or a *million and a half*, now and then in a time of peace.

ing a public bankruptcy, the time muſt come when we ſhall wiſh all our debts bore a high intereſt. (*b*)

Secondly. A capital of TWO MILLIONS AND A HALF would be ſaved in raiſing FIVE MILLIONS. That is; the nation in procuring *five millions* would incur a debt of only *half* that ſum; and inſtead of having a QUARTER or a THIRD *more* to pay at redemption than had been received, it would have ONE HALF *leſs* to pay.

Thirdly. Such a ſcheme would keep up public credit; and, by its neceſſary operation, contribute to carry *itſelf* into execution. For the advantages attending it being grounded entirely upon the old 3 *per cent.* ſtocks, few at ſuch a time would chuſe to ſell them, but many would be induced to buy; and, conſequently, their price would be advanced, contrary to the common effect of public loans.——Theſe ſeem to me advantages ſo un-

(*b*) The converſion of a 3 *per cent.* ſtock into a $3\frac{1}{2}$ *per cent.* ſtock gives the ſame advantage in redeeming it, that the power of redeeming it at $85\frac{3}{4}$ for every 100l. would give.——A million *per ann.* ſurplus would redeem 114 millions and a quarter of the latter ſtock in the ſame time, and therefore at the ſame expence, that it would redeem 100 millions of the former. I ſuppoſe here the 3 *per cents.* paid at *par*; and this I have before obſerved will be found to be neceſſary ſhould a time (ſcarcely the object of hope) ever come when government will ſet itſelf in earneſt and with any effect to pay the public debts.

ſpeakably important, that I cannot but think it would be right to go to ſome extraordinary expence, in making at leaſt one experiment of this kind. If, in conſequence of offering high terms in *one* trial for a ſmall ſum, ſuch an experiment ſhould ſucceed, it might be renewed on lower terms; and the way might be diſcovered of managing, in the beſt manner, larger loans on the ſame plan.——I cannot help thinking indeed, that it would be found that in this way great ſums might be raiſed without creating *any* new capitals, or making any addition to the public debts. I fancy, for inſtance, that few, when the 3 *per cents.* are about 78, would ſcruple to pay 25l. for the converſion of 100l. THREE *per cent.* ſtock into a 100l. FOUR *per cent.* ſtock, provided this laſt ſtock was not to become redeemable till THIRTY or FORTY MILLIONS of our preſent debts have been diſcharged: And ſuppoſing this true, money for public ſervices would be raiſed at 4 *per cent.* or at an intereſt nearly as low as poſſible; and, at the ſame time, a ſum equal to the whole money advanced would be ſaved. But were it neceſſary to take for ſuch a ſubſtitution 24l. or even 23l. (that is, to pay about $4\frac{1}{4}$ *per cent.* for money) the gain, if our debts are ever to be redeemed, would abundantly overbalance the increaſed expence of intereſt,

CORRECTIONS and ADDITIONS.

IN THE SECOND TRACT, page 120, after the words *Lent at 4 per cent. in* 1746, *charged on licences for retailing ſpirituous liquors, and reduced to 3 per cent. by 23d of George II.* 1749, add, *and conſiſting of old Exchequer Bills then cancelled and converted into a debt from Government to the Bank, for which the Bank was allowed to add to its capital an equal ſum by 19th George II. Ch.* 6.

In page 128, inſtead of the words, *In* 1751, *certain Exchequer tallies and orders, amounting to* 129,750*l.* read, *In* 1751, *the remainder of certain Exchequer tallies and orders charged on the duties on wrought plate, and amounting to* 129,750*l.*

Page 136, line 17, inſtead of 1758 read 1757.

Page 137, line 2d from the bottom, for 205,000l. read 215,000l.

Page 139, for 17.7401,32l. read 17.701,324l.

Page 144, after *Exchequer Bills charged on a duty upon victuallers by* 12*th Geo. I.* 1726, add, *and afterwards by* 16*th Geo. II.* 1743, *charged on the duties on licences for retailing ſpirituous liquors. Now included in the Bank Capital by* 19*th Geo. II. Ch.* 6.

Page

Page 144, Note (*b*) after the words, *In this account I have omitted a million borrowed in* 1734, add, *and half a million borrowed in* 1736; *because these debts had for some time been in a fixed course of redemption by the salt-duties.*

In page 145, line 2d, for 10.639,793l. read 10.739,793l.—Ibid. line 10th, for 146.582,844l. read 146.682,844l.—Ib. line 12th, for 15.639,793l. read 15.739,793l.——Ibid. note, line 2d, for 1.118,000l. read 1.218,000l.

P. 147. For 146.582,844l. read 146.682,844l. —For 71.505,580l. read 71.605,580l.—And for 10.639,793l. read 10.739,793.

FINIS.

A Summary View and Comparison of the diff

N. B. The Sum borrowed is always ſuppoſed Five Millions; and the Price of the 3 *per cents.* and to Schem

	OLD SCHEMES. I. Scheme deſcribed Page 182.	OLD SCHEMES. II. Scheme deſcribed Page 183.	Scheme of the loan in 1777. Page 185. III.
	£.	£.	£.
Sum advanced - -	5.000,000	5.000,000	5.000,000
New Capital, or ſum payable at redemption	5.000,000	6.343,954	5.000,000
Intereſt offered - - -	3 *per cent.*	3 *per cent.*	4 *per cent.*
Artificial Capital, or ſum payable at redemption more than the value received - - - - -	1.200,000	1.343,954	250,000
Douceurs conſiſting of additional capitals - -	— 0 —	1.343,954	— 0 —
Short Annuity worth -	1.200,000	— 0 —	200,000
Lottery worth - - -	— 0 —	150,000	150,000
Annual Charge.			
Perpetual - - - - -	150,000	100,318	200,000
Temporary - - - - -	100,000 For lives or 17 yrs.	— 0 —	25,000 for 10 years.
Total of Annual Charge	250,000	100,318	225,000

This Scheme may be altered to avoid the artificial Capital and 450,000l. Douceur

e different Schemes of Public Loans deſcribed in the SUPPLEMENT.

d the Price of the 3 *per cents.* 78l. But all the Schemes may be accommodated to any other Schemes for borrowing any greater or ſmaller Sums.

f the 1777.	Scheme of 1777, altered to avoid douceurs and an artificial capital.		Scheme of 1777, ſuppoſing 100l. four *per ct.* ſtock worth 91l. when the 3 *per cts.* are at 78l. Page 200.	Scheme founded on the regulations propoſed Page 205, &c.	Schemes of loans by changing the 3 *per cent.* ſtocks to ſtocks bearing higher intereſt.	
	See Page 186.	See Page 188.			See Page 209.	See Page 214.
	IV.	V.	VI.	VII.	VIII.	IX.
000	£. 5.000,000	£. 5.000,000	£. 5.000,000	£. 5.000,000	£. 5.000,000	£. 5.000,000
000	4.750,000	3.750,000	5.000,000	4.850,000	2.500,000	— 0 —
ent.	4¼ *per cent.*	4¼ *per cent.*	4 *per cent.*	4 *per cent.*	4¼ *per cent.*	4 *per cent.*
,000	— 0 —	— 0 —	* 450,000	— 0 —	— 0 —	— 0 —
—	— 0 —	— 0 —	— 0 —	— 0 —	— 0 —	— 0 —
,000	— 0 —	— 0 —	450,000	— 0 —	— 0 —	— 0 —
,000	150,000	150,000	150,000	— 0 —	— 0 —	— 0 —
,000	201,875	159,375	100,000	194,000	212,500	200,000
,000 years.	25,000 for 10 years.	75,000 for 27 years.	56,250 for 10 years.	— 0 —	— 0 —	— 0 —
,000	226,875	234,375	156,250	194,000	212,500	200,000

Douceur (preſerving nearly the ſame annua Charge) in the Manner directed in the 4th or 5th Scheme.